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Report of the Economic and Social Council

Macroeconomic policy questions

Operational activities for development

Globalization and interdependence

Letter dated 9 July 1999 from the Chargé d'affaires a.i. of the Permanent Mission of Jamaica to the United Nations addressed to the Secretary-General

I have the honour to transmit herewith the joint communiqué of the Group of Fifteen, adopted on the occasion of the Ninth Summit of the Heads of State and Government of the Group of Fifteen held in Montego Bay, Jamaica, from 10 to 12 February 1999 (see annex).

I would highly appreciate it if you would arrange for the present letter and its annex to be circulated as a document of the fifty-fourth session of the General Assembly under items 12, 98, 102 and 105 of the provisional agenda.

(*Signed*) Diane **Quarless**
Chargé d'affaires a.i.

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Annex

Joint communiqué of the Group of Fifteen, adopted at the Ninth Summit of the Heads of State and Government of the Group of Fifteen, held in Montego Bay, Jamaica, from 10 to 12 February 1999

1. We, the Heads of State and Government of the Group of Fifteen, meeting in Montego Bay, Jamaica, on 10-12 February 1999 for our Ninth Summit, reaffirm our solidarity, and our commitment to promoting growth, employment and general welfare. We recognize that only through a "community of interests" between developed and developing countries that this can be achieved, and so shape a just and equitable global economy.

2. An overview of the world economy, at the end of this decade and century, points to the need for a more equitable share in the gains from the processes of globalization and liberalization. We must therefore identify and build convergences on those complex issues relating to the social and economic impact of globalization, and through a high level dialogue and viable partnerships, meet the challenges facing the international community.

3. We remain committed to market-based policies. Equally, we recognize that for the effective functioning of the market economy, governments must necessarily play a strong and effective role in the development and management of institutions, systems and infrastructure. The great leaps in scientific discovery and technological application in all spheres of human endeavour, especially in the information, communication and health fields, if ethically directed, hold even greater promise of raising living standards across continents. To fully reap the benefits from these discoveries and innovations, developed and developing countries should place greater emphasis on and increase their collaboration in the fields of science and technology.

4. The most recent projections and scenarios for growth, development and distribution of benefits require our most urgent attention. The systemic impact of the financial crisis, high levels of structural unemployment, widening income gaps within and among countries, and the threat of a resurgent protectionism have led to slower growth. In the most affected countries, the crisis is increasing poverty and generally, social instability.

5. In concert with developing countries, and other members of the international community, we approach the next Summit in Egypt in the year 2000 confident that with timely and appropriate multilateral action, prospects for the world economy will be improved.

6. We have a better appreciation and understanding of the causes, consequences and corrective measures required to deal with the still unfolding international financial crisis. The present crisis has brought into focus the risks associated with speculative short-term capital flows, the harmful effects of which have disproportionately fallen on the developing countries, especially on the poor and vulnerable. The injection of liquidity both in international financial markets and through new financing mechanisms in the International Monetary Fund (IMF) and the World Bank, increased resources for social programmes, and the development of regional financial instruments, are positive but need to be enhanced. We call on the IMF and World Bank, while responding to the liquidity needs of the most seriously affected countries, to ensure that their mandates are adequately discharged in providing the necessary support to redress current account imbalances and provide long-term development financing.

7. We support those measures which have been taken to increase transparency and accountability; strengthen national financial systems, including prudential supervision; and for the improvement of a multilateral approach to monitoring and management of the international financial crisis. We note the slow pace at which progress is being made in reforming the international financial system and urge that concrete steps need to be taken to develop *inter alia* the following:

- mechanisms and adequate rules to monitor and supervise the operations of large financial market players, including hedge funds and currency speculators. These should provide governments with an international framework of principles to act as an early warning system, for the adoption of appropriate policy responses;
- greater coherence between the World Trade Organization (WTO) and relevant international monetary and financial institutions, respecting their mandates, confidentiality requirements and the necessary autonomy in decision-making procedures of each institution, and avoiding the imposition of additional or cross conditionalities;
- the inclusion of social safety nets as integral parts of development policies and programmes, at both the micro and macro - levels, ensuring that they meet the basic needs of the poorest and most vulnerable sectors of the population, and also safe-guarding the "human capital" of workers whose jobs are at risk.

8. These supportive and constructive responses demonstrate our "community of interests". They are clearly not sufficient as the reverberations of the crisis continue to be felt in all parts of the world. The international community must therefore continue to pursue the reforms energetically. There must be institutional reform, more democratic, transparent and accountable to its members, and a redesign of the policy frameworks, more appropriate to national circumstances. We welcome the ongoing consideration of steps to strengthen the international financial

architecture, with a view to restoring stability and predictability in international financial markets. The Interim and Development Committees of the International Monetary Fund (IMF) and the World Bank, among others, constitute key institutional mechanisms to carry through the reforms of a systemic nature. Additionally, the opening of the capital account must be carried out in an orderly, gradual and well-sequenced manner, at a pace consistent with the strengthening of countries' abilities to manage any unforeseen and unintended consequences.

9. The efforts in managing the crisis in the immediate term and the initiatives to reform the international financial system in the longer term, need to recognize and take into account that the global economy comprises countries with diverse backgrounds. We therefore emphasize the need for both the developed and developing world to have a voice in this process. An international consultative process needs to be established to ensure that the reform architecture of the international financial system accommodates these differences. In addition, the regime and approach for crisis response should have a degree of flexibility to differentiate between and take into account the viability of alternative options depending on the particular country circumstances. The G-15 represents an important group that can and must contribute towards achieving this objective.

10. The international community's focus on systemic issues must be balanced also by urgent attention to those developing countries, particularly in Africa, who have little or no access to private capital markets, and where Official Development Assistance (ODA) and other concessional flows are critical to achieving their development objectives. The international community must therefore move expeditiously beyond the Heavily Indebted Poor Countries (HIPC) initiative by assisting them to achieve meaningful reductions in both the stock of debt and its servicing - bilateral, multilateral, official and commercial. We welcome recent initiatives on debt forgiveness for the poorest developing countries by the Presidency of the European Union and the G-7, which need to be implemented speedily, to give real hope to the world's poorest countries.

11. We are deeply concerned at the structural factors which have led to significant falls in prices across all commodity sectors. The international financial crisis which has constrained aggregate world demand and impacted on the terms of trade of commodity exporters has exacerbated the situation. We urge the developed countries to join with us in the appropriate international institutions to adopt remedial measures as part of a comprehensive and integrated approach to restart growth and development.

12. We agree that international trade in general, and particularly the expansion of exports from developing countries, would be facilitated by the reduction of trade restrictive measures, the dampening of excessive volatility, particularly of exchange rates, the avoidance of sudden reversals of short-term capital flows and disruption to trade credits. We are convinced that to stave off any threat of world economic recession, countries must resist the pressures for protectionism and markets must remain open, foreign direct investment must be increased and access to capital

markets, both private and concessional must be available to developing countries on safe and predictable terms.

13. The severe and serious social consequences of the financial crisis have manifested themselves in dramatic reversals of job creation and increased levels of poverty. At the global level, despite increases in productivity, innovation and enterprise the absolute numbers of those living in poverty have increased, and in some countries, this scourge remains deepiy entrenched. We underscore the urgency in dealing with their immediate needs and indeed call on the international community to give this the highest priority, not only on moral and ethical grounds, but as a means for ensuring international peace and stability. We support the renewed awareness by the Bretton Woods institutions in addressing longer-term structural aspects of social policy and productive employment in the context of market opening. The commitments taken at the historic World Summit for Social Development invite all people in all countries, and in all walks of life, as well as the international community to join in our common cause to alleviate poverty, unemployment and social exclusion.

14. We note with satisfaction that the ILO is undertaking an in-depth analysis of the negative social repercussions of the financial crisis with a view to formulating the necessary responses. We call upon the ILO to launch a comprehensive employment strategy during the ILO Governing Body and Conference at ministerial level later this year. We will collaborate with all social partners in the ILO tripartite framework, to achieve this objective. An employment strategy, including the right to work should strengthen our respect for internationally recognized Fundamental ILO Conventions on workers rights.

15. We commit to, and urge all members of the international community to implement the commitments of the several United Nations (UN) World Conferences, High-level meetings and Summits. We commit ourselves further, to work towards the success of the several Summits and UN Conferences to be held in the year 2000, including the South Summit in Havana, the UN Conference on Financing for Development and the UN Millennium Summit in New York, and UNCTAD X in Bangkok.

16. We reaffirm the importance of a transparent, fair and equitable rules-based multilateral trading system under the World Trade Organization, effectively integrating all countries and leading to the realization of the objectives of "raising standards of living, ensuring full employment and steadily growing volume of real income and effective demand, and expanding trade in goods and services". To this end, we reiterate again, that unilateral measures with extra-territorial effects are incompatible with the multilateral trading system and threatens to undermine it.

17. We agree to continue our participation in the WTO, in the implementation of its current work programme and the ongoing discussions and consultations leading up to the Third Ministerial Conference later this year, when we will join in deciding on its future work programme, including further liberalization sufficiently broad-based to respond to the concerns and interests of developing countries. We

will consult with our trading partners in the WTO, as the preparatory process unfolds, keeping the following principles in mind, *inter alia*:

- the legitimacy of the development objectives of developing countries and, consequently, the need to preserve economic spaces within the multilateral trading system to implement market-oriented development policies, as well as the need for the full implementation of the special and differential provisions in all spheres provided for in the Agreements, as deliberated at the recent G-15 Symposium on Special and Differential Treatment for Developing Countries in the Uruguay Round Agreements;
- the importance of redressing the difficulties faced by developing countries in the implementation of the WTO Agreements to enable them to participate more effectively in the multilateral trading system;
- the lack of implementation or non-fulfillment of obligations of the Uruguay Round Agreements by developed countries can not be used by them as bargaining instruments for obtaining further concessions from developing countries.

18. We note the negotiations on accession in the WTO, and the agreement to review progress. In light of our commitment to the early accession of developing countries, we agree that their terms of accession should be in accordance with the WTO Agreements, including the special and differential provisions.

19. We urge the full implementation of the measures agreed at the WTO High-level Meeting for Least Developed Countries (LDCs) and the work programme being elaborated to integrate small economies into the multilateral trading system. We also encourage the increased cooperation between the WTO and UNCTAD, to strengthen the institutional capacities of developing countries and thereby enabling them to participate more effectively in negotiations and maximizing benefits from the multilateral trading system.

20. Labour standards shall continue to be set and dealt with within the ILO. We reaffirm our opposition to its inclusion in the WTO work programme. The label "trade-related" shall not be used as a pretext for the establishment of standards in one institution and their enforcement in the WTO or any other institutional framework.

21. The relationship between trade and environment is an important and complex issue that requires further analysis. We support the ongoing analytical work on clarifying the relationship between trade and environment in several institutions. This work should continue. We oppose the use of trade measures for achieving environmental objectives and vice versa, and disguised protectionist measures by developed countries on the grounds of "multifunctionality" in trade sectors.

22. We welcome India's offer to host a meeting of G-15 countries, at an appropriate level, in preparation for the Third WTO Ministerial Conference. We welcome the further proposals taken to strengthen cooperation among developing countries, particularly the projects being implemented among G-15 countries. We

agree, under the coordination of Mexico, to intensify G-15 cooperation in science and technology, and to establish effective and self-sustaining research and development mechanisms. We endorse the proposal made by India to evolve a new strategic sectors approach for South-South Cooperation, focusing on bio-technology, information technology and infrastructure development. We welcome also the new project proposed by Jamaica for G-15 collaboration on environmental and nuclear sciences. These projects like all G-15 projects, will continue to be open to all developing countries. We note with satisfaction the recently concluded Bilateral Investment Treaties (BITs) among several members of the G-15. We commit ourselves to assisting those G-15 and other developing countries most vulnerable to natural disasters, other geographical constraints and external shocks.

23. We discussed the threat posed by terrorism to peace and stability at national, regional and international levels. Terrorist acts undermine political and territorial integrity of countries, destroy social fabric and disrupt democratic institutions. They also undermine economic growth and development. We therefore, strongly condemn all kinds of terrorism, their perpetrators and all those who support them under whatever guise. We call for enhanced regional and international cooperation to prevent and combat this menace, and call upon all States to become parties to multilateral conventions for the elimination of specific acts of terrorism in accordance with the applicable Resolutions of the United Nations General Assembly. We also call for the urgent conclusion and the effective implementation of a comprehensive international convention for combating terrorism.

24. We welcome the initiation of the official level dialogue between the Chairman of G-15 and the Presidency of the G-8. We believe this is a positive step at this opportune moment which appears conducive to such a dialogue and which gives effect to the recognized "community of interests". We look forward to the continuation and deepening of dialogue and constructive collaboration at all levels on the priority issues on the international economic agenda.

25. We welcome Sri Lanka as the seventeenth member of the Group of Fifteen, convinced that it will contribute greatly to furthering the achievement of our objectives and future work.

26. We express our deepest appreciation to Jamaica for its able and effective leadership of our Group during its Chairmanship. We thank the people and the Government of Jamaica for their warm hospitality and the excellent arrangements that they have provided for the successful holding of the Ninth Summit of the Group of Fifteen. This Ninth G-15 Summit, before the millennium, has allowed us to take stock of our past cooperation and to renew our commitment to continued cooperation in the 21st century.

27. We welcome with appreciation the generous offer of the Government of the Arab Republic of Egypt to host the Tenth Summit in the year 2000 and look forward to meeting once again in Cairo. We welcome also the offer by the Government of Indonesia to host the Eleventh Summit in the year 2001.